Vol. 2 No. 3 March 25, 1987

Satellite Times

The News Source for the Home TVRO and Cable Industries $1.50

GI Denies Turning Off Scores of Legit Boxes

General Instrument Corp.'s (GI) chief electronic countermeasure expert strongly disputes the claims by some in the TVRO industry that large numbers of legitimate TVRO subscribers have had their VideoCiphers turned off during GI's recent attempt to deauthorize decoders which use implanted computer chips to circumvent the scrambling system.

Several TVRO dealers told *Satellite Times* that complaints are being received from customers who claim they are legitimate subscribers to programming services who have not bought any chips, and are unable get their VideoCiphers reactivated after they are shut down.

Unconfirmed field reports from TVRO owners who have contacted *Satellite Times* and affiliated publications appeared to back up those claims.

Several cable programmers said they have been receiving such calls, but none said the volume was significant. "We've had a few calls," said Bob Caird, vice president, direct broadcast development, Home Box Office Inc.

Marty Lafferty, vice president of direct broadcast sales, Turner Broadcasting System Inc. (TBS) said the company has not received any confirmed complaints from TVRO owners regarding deactivation of a legitimate subscriber.

Some sources said GI may be focusing on geographic areas which have unusual concentrations of one programming service—notably CNN, which is the least expensive and thus is used with "Three Muskekteer" chips which activate all services when one is paid for—as the basis for its electronic coutermeasures.

Continued on page 13

ESPN Gets Piece of NFL TV Deal

ESPN has won a piece of the National Football League's television contract, marking the first time a cable service will carry league games along with the three television networks.

The action is widely viewed as a milestone for the cable industry, since NFL games are still considered the mainstay of TV sports.

According to ESPN, it will televise 13 games—4 exhibi- ight regular season, l game—next gular season played on the day nights of

ESPN said the games will be shown on broadcast television in the markets of the teams involved, and perhaps in markets where cable is not a significant presence.

ESPN spokeswoman Rosa Gatti said questions concerning dual telecasts and criteria for showing the games in noncabled areas have yet to be determined.

According to NFL spokesman Pete Abitante, the overall worth of the TV package is $1.428 billion over three years, with ESPN responsible for "approximately 10 percent" of that amount.

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INSIDE SCAN

Victories Claimed: *Chaparral and Cosmos both claim victory in round one of a breach of contract lawsuit—**page 3.***

Bill Delayed: *International matters delay the introduction of a bill which would clarify a dish owner's right to subscribe to superstations—**page 7.***

Boundary Debate: *A Colorado cable operator and several cable networks continue their dispute over where the operator can sell programming to TVRO owners—**page 8.***

NSOA Package?: *A potential TVRO packager defends its efforts in light of questions raised about what programming it has to offer—**page 9.***

D.A. Looking For Owners of Flat Antenna Company

By Bob Scherman

Investigators from the Colorado Springs, Colorado, district attorney's office are trying to serve civil subpoenas on several principals of Colorado's Future Communications Inc., but have been unable to locate the individuals, according to sources familiar with the case.

Future Communications Inc., which does business under many different names, is the firm which claims to be marketing the first phased array (or flat) satellite antenna. The company—which calls its antenna the PhaseCom—has been under investigation by several government agencies for a number of months in connection with the selling of dealer franchises for its antennas (See *Satellite Times*, Oct. 29, Nov.12, and Dec. 24, 1986; Jan. 14, 1987).

The district attorney's office wants Future Communications to turn over docu-

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Senators Ready A New TVRO Bill

By Bob Scherman

WASHINGTON—Senators Albert Gore Jr. (D-Tenn.), Dale Bumpers (D-Ark.) and Wendell Ford (D-Ky.) are preparing to introduce TVRO-related legislation similar to the amendment they introduced on the Senate floor last fall.

At press time, aides to the trio said introduction of the bill was being planned for as early as the week of March 23 and would likely occur by the end of the month.

Capitol Hill staffers said several members of the House, including Reps. Billy Tauzin (D-La.) and Charlie Rose (D-N.C.), were planning to introduce a similar, if not identical bill.

According to a summary of the latest draft of the bill obtained by *Satellite Times*, the "Satellite Television Security and Fair Marketing Act" would not regulate pricing or terms of TVRO subscriptions but require cable services to serve the dish owner.

It would require programmers to "establish reasonable business standards of their own choosing and not to discriminate among [program] distributors" unless the service itself is the "sole source of sales" to TVRO owners.

The Federal Communications Commission (FCC) would be required to set scrambling technology standards "to ensure that home dish owners will not be forced to purchase different decoding devices for each program service," the summary states. Yet, the bill would specifically say that programmers already scrambled would not be

Continued on page 14

PBS Will Maintain Unscrambled Feed

WASHINGTON—The Public Broadcasting Service (PBS) has once again announced it will continue to transmit at least one satellite feed of its national programming service in the clear, thereby making it available free of charge to home dish owners.

At the same time, PBS said it may scramble "user-financed specialized services" and some "internal communications that are not intended for broadcast."

PBS made the announcement after the executive committee of its board of directors met here and, among other things, approved an overall policy framework for satellite distribution of PBS programming.

For several weeks, many in the TVRO industry have expressed concern that PBS would scramble its feeds, despite the network's denial of as much (See *Satellite Times*, Jan. 28, 1987).

The concerns of TVRO owners have been heightened because PBS has been periodically testing the stereo capabilities of General Instrument Corp.'s VideoCipher scrambling system on its four feeds on Westar 4, which the service acknowledged had the effect of encrypting the signals.

PBS said it has determined that the VideoCipher "is the

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QUOTABLE

"We have corrected the problem we found that led to the breach in the authorization procedure." General Instrument's Ron Katznelson, on efforts to thwart computer chips which circumvent the VideoCipher scrambling system.

HERE'S A SMALL PIECE OF HBO'S NEW DESCRAMBLER REBATE PROGRAM.

HBO announces the biggest descrambler rebate available anywhere: $50. And an exciting incentive program for consumers: three free months of HBO® and Cinemax® with a prepaid annual subscription. Satellite retailers can't lose with HBO's new rebate program.

Now we'll send you $50 for every VideoCipher® II descrambler you sell that results in a year's prepaid subscription to HBO and Cinemax. That's the best rebate you'll see anywhere! HBO's big rebate means big profits for satellite retailers.

HBO also offers your customers three free months of great HBO and Cinemax programming—blockbuster movies, exclusive comedy and live sporting events, original family and dramatic programming, and lots more. For a limited time, customers who purchase a prepaid annual subscription to both HBO and Cinemax receive twelve months for the price of nine months. Three months free!

HBO and Cinemax can be your best sales tools. Our exclusive rebate and incentive programs help build traffic in your store—and help sell satellite systems.

Watch for more big, new sales-building programs in the future. HBO's commitment to help you build traffic and sell satellite systems continues beyond the descrambler rebate and consumer incentive programs, beyond the point-of-purchase sales tool package. Working through a network of TVRO equipment distributors, HBO plans to implement new promotions and direct mail campaigns, and to offer additional point-of-purchase materials and telemarketing programs.

Get a piece of the Biggest Rebate and Big Consumer Incentives. Big Sales—and Big Profits—are easy with HBO.

For more information on the participating distributors in your area, call the HBO TVRO Hotline: 212-302-6242.

HBO cinemax

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Satellite Times

A MUST READ!!!

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See Page 12

Chaparral, Cosmos Claim Victory in Court Decision

A federal court has handed down an initial order on the breach of contract lawsuit brought by Cosmos Satellite Antenna Manufacturing Inc. against Chaparral Communications Inc., with both companies claiming the ruling a victory for their side.

Last December, Cosmos sued Chaparral, seeking to break its exclusive contract to supply antennas to Chaparral on the basis Chaparral had not bought the amount of units it had agreed to and had failed to live up to several other provisions of the deal (See *Satellite Times*, Jan. 28, 1987).

Shortly after that, Chaparral asked the court to prevent Cosmos from shipping antennas to any other party and to enforce a provision in the contract Chaparral claimed mandated the companies settle any disputes in arbitration while conducting business under the terms of the contract (See *Satellite Times*, Feb. 11, 1987).

In its decision, the court granted Chaparral's motion to compel the parties to go to arbitration, while rejecting Chaparral's request to stop Cosmos from shipping antennas to other customers.

Though the court acknowledged "there are some major factual disputes between the parties," it did state that the number of antennas ordered by Chaparral "dropped substantially within the first six months the [contract] was in effect."

The court denied Chaparral's request that Cosmos be prevented from selling antennas to any other company because it said Chaparral "has not met its burden" of "demonstrating it will suffer irreparable injury unless" the court grants its motion.

The court also said Chaparral's "alleged injuries involving monetary harm which [are] compensable in damages" from Cosmos.

At press time, Chaparral was preparing to file for reconsideration with the court on its request to prevent Cosmos from selling antennas to other parties, according to Bob Horowitz, a New York attorney who represents the company.

Horowitz said Cosmos' lack of "financial ability to respond with damages requires an injunction" on Chaparral's behalf.

Chaparral also believes the court was "wrong on those facts" relating to its performance under the Cosmos contract, as well as what the contract actually called for, he added.

Horowitz said Chaparral welcomed the intervention of an arbitrator into the case. "We think we'll be victorious when a businessman hears the case," he said. "We feel quite confident."

Attorney Robert Cartwright, who represents Cosmos, said, "We've won every round." Cosmos, he added, was "just delighted with the whole thing."

Cartwright said Chaparral's request for reconsideration on the restraining order against Cosmos was "frivolous, as is their defense."

He said Cosmos was also pleased with the court's ruling the dispute be settled through arbitration, even though it was Chaparral who requested as much. "We kind of think they fell into a trap with that," he added. Going to arbitration, Cartwright said, was a "speedy and inexpensive" way for Cosmos to press its case.

Cartwright also said Cosmos had received a letter from Chaparral President Bob Taggart last December in which Taggart said his company could afford to keep the case tied up in the courts for years while Cosmos could not.

Cartwright described the letter as "threatening the hell out of" Cosmos, but he declined to provide a copy of it. Cosmos was still shipping antennas to other companies, he said. ❑

SelecTV Names New President

Thomas C. Hunt has been named the new president of SelecTV, Telstar Corp., the service's owner, recently announced.

Hunt replaces Jim Levitus, who is "now serving on an advisory capacity" to Telstar, according to Maryse Najar, a company spokeswoman.

Hunt joins SelecTV having served as vice president of marketing for a Buffalo, New York, cable system which Telstar said served more than 90,000 subscribers. Prior to that, Hunt was general manger and then assistant to the president of a cable system in Fort Lee, New Jersey.

Last January, Telstar bought SelecTV from Clarion Co. Ltd., the Japanese consumer electronics firm (See *Satellite Times*, Jan. 14, 1987). Since then, the fate of Levitus, George Hancock, and Rick Newberger—SelecTV's senior management, has been somewhat of a mystery.

Najar said Telstar was still finalizing its new organizational structure, though Newberger and Hancock were still with the firm.

She said Telstar was "looking to expand their backyard [TVRO] business through Amway [Corp.]," which holds the exclusive right to market SelecTV to dish owners.

In recent weeks, industry executives have said Telstar was planning several new programming ventures for SelecTV, something only referred to by the company in announcing Hunt's appointment.

In addition, industry executives have said, Telstar is also eyeing an expansion of its TVRO business with its other services: Country Music Television (CMT), After Hours (an adult programming service), and the Telstar Channel (a pay-per-view service). CMT was recently included in the TVRO programming package announced by Turner Broadcasting System Inc.

Telstar has discussed offering its services to other TVRO packagers, including Home Box Office Inc. and Showtime/The Movie Channel Inc., sources said. Amway has also discussed packaging deals with Telstar, though it is not interested in After Hours.

Repeated attempts to obtain information on Telstar's plans from former Showtime executive Carl Sambus—who is said to be responsible for formulating the company's overall programming strategies—have been unsuccessful. ❑

Drendel Named to GI Board

Frank M. Drendel has been elected to the board of directors General Instrument Corp. (GI), the company recently announced. In addition to his regular duties, Drendel will assume operating responsibility for all of GI's cable television and satellite operations—including the Jerrold, Tocom, Comm/Scope and VideoCipher divisions.

Drendel, an executive vice president of GI, was formerly the executive vice president and vice chairman of the board of directors of M/A-Com Inc. He joined GI in Sept. of 1986, when the company acquired the cable/home communications line of business from M/A-Com. ❑

HBO Pleased With Free TVRO Weekend

Home Box Office Inc. sold more subscriptions to HBO and Cinemax to TVRO owners during its free weekend preview March 14 and 15 than the company normally sells in a month, according to Al Levy, director, corporate public relations.

The company uplinked an unscrambled HBO feed on Galaxy 2 and offered TVRO owners a VideoCipher descrambler and dual annual subscription for $599. Since some TVRO owners signed up under existing offers over the weekend, Levy said, the company did not have specific numbers on how many VideoCiphers it had sold.

Levy said the results were "better than we expected." The success of the promotion, he said, "proves that this tactic, which has consistently performed for us in cable, translates into the TVRO world."

HBO will likely stage another free weekend preview in early fall, said Levy. ❑

Showtime Finalizes TVRO Pricing

Showtime/The Movie Channel Inc. has finalized its pricing structure for selling its pay channels and programming package to TVRO owners.

The company said its initial package will consist of 11 services: CBN Cable, Cable News Network, Headline News, the Discovery Channel, ESPN, Lifetime, the Nashville Network, USA Network, MTV, VH-1, and Nickelodeon.

For either of its pay services or the package alone, Showtime said it will charge $10.95 per month or $120 on a prepaid annual basis. For both pay services, the combo rate will be $16.95 a month, $186 annually.

For one of the pays and the package, Showtime said the price will be $17.95 per month, $192 per year. And for both pays and the package, Showtime's price will be $22.95 per month and $242 per year.

Part of the discount for buying both the package and pay services, Showtime said, revolves around a $4 per month "account maintenance fee." Thus, the company said, subscribers to the pay services will pay an effective rate of $6 per month for the basic package.

Showtime may also be planning to add several superstations to its package, or even launch a separate package with them, according to an industry source. In the past, the legal questions surrounding TVRO subscriptions to superstations have hampered such plans. ❑

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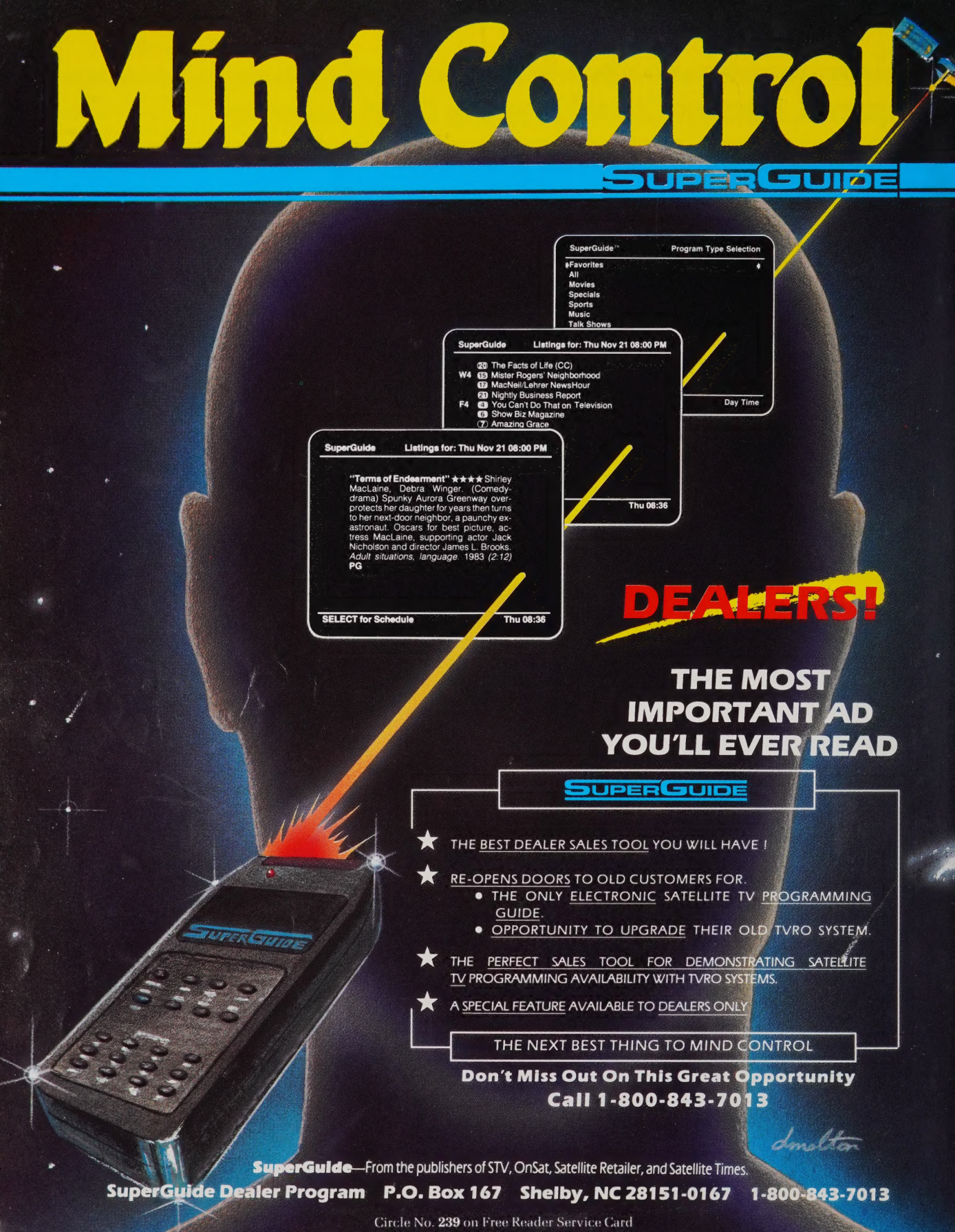
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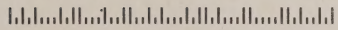

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1a) Primary business: 1) home satellite systems 2) commercial satellite systems 3) home video equipment sales 4) commercial video sales 5) independent cable TV system 6) MSO systems 7) DBS, LPTV, MDS, SMATV, STV operations 8) cable TV programming 9) cable system products

2) Annual sales volume: a) under $100,000 b) $100,000 to $499,999 c) $500,000 to $999,999 d) $1,000,000 to $4,999,999 e) $5,000,000 or more

3) Purchasing authority: 1) purchase 2) specify 3) approve 4) recommend **4) Inquiry for:** a) immediate purchase b) future information

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2	17	32	47	62	77	92	107	122	137	152	167	182	197	212	227	242	257	272	287	302	317	332	348	363
3	18	33	48	63	78	93	108	123	138	153	168	183	198	213	228	243	258	273	288	303	318	333	349	364
4	19	34	49	64	79	94	109	124	139	154	169	184	199	214	229	244	259	274	289	304	319	334	350	365
5	20	35	50	65	80	95	110	125	140	155	170	185	200	215	230	245	260	275	290	305	320	335	351	366
6	21	36	51	66	81	96	111	126	141	156	171	186	201	216	231	246	261	276	291	306	321	336	352	367
7	22	37	52	67	82	97	112	127	142	157	172	187	202	217	232	247	262	277	292	307	322	338	353	368
8	23	38	53	68	83	98	113	128	143	158	173	188	203	218	233	248	263	278	293	308	323	339	354	369
9	24	39	54	69	84	99	114	129	144	159	174	189	204	219	234	249	264	279	294	309	324	340	355	370
10	25	40	55	70	85	100	115	130	145	160	175	190	205	220	235	250	265	280	295	310	325	341	356	371
11	26	41	56	71	86	101	116	131	146	161	176	191	206	221	236	251	266	281	296	311	326	342	357	372
12	27	42	57	72	87	102	117	132	147	162	177	192	207	222	237	252	267	282	297	312	327	343	358	373
13	28	43	58	73	88	103	118	133	148	163	178	193	208	223	238	253	268	283	298	313	328	344	359	374
14	29	44	59	74	89	104	119	134	149	164	179	194	209	224	239	254	269	284	299	314	329	345	360	375
15	30	45	60	75	90	105	120	135	150	165	180	195	210	225	240	255	270	285	300	315	330	346	361	376

Satellite Times

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1a) Primary business: 1) home satellite systems 2) commercial satellite systems 3) home video equipment sales 4) commercial video sales 5) independent cable TV system 6) MSO systems 7) DBS, LPTV, MDS, SMATV, STV operations 8) cable TV programming 9) cable system products

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3	18	33	48	63	78	93	108	123	138	153	168	183	198	213	228	243	258	273	288	303	318	333	349	364
4	19	34	49	64	79	94	109	124	139	154	169	184	199	214	229	244	259	274	289	304	319	334	350	365
5	20	35	50	65	80	95	110	125	140	155	170	185	200	215	230	245	260	275	290	305	320	335	351	366
6	21	36	51	66	81	96	111	126	141	156	171	186	201	216	231	246	261	276	291	306	321	336	352	367
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Chip Activities Not Covered By First Amendment

By Bob Scherman

The second half of the third clause of the First Amendment of the U.S. Constitution mandates that Congress shall make no law abridging "the freedom of the press."

For almost 200 years now, the meaning of those words has been debated by journalists, judges, and constitutional scholars alike.

Commentary

However, even as the discussion on what the First Amendment means rages on, there can be little argument on that which the First Amendment clearly does not mean.

For nowhere in the U.S. Constitution is it written that Congress shall make no law abridging the freedom of those who promote and profit from the distribution of underground computer chips which allow TVRO owners to circumvent the VideoCipher scrambling system.

It has become necessary to raise what should be an obvious point because of two men who are attempting to wrap themselves in the aura of the First Amendment, while they promote and profit from the sale of chips.

Earlier this month, when General Instrument Corp. and three other companies filed a piracy suit against "Boresight" hosts Shaun Kenny and Karen Howes, *Coop's Satellite Digest* (CSD) Publisher Bob Cooper Jr., and Stephen Bepko, Kenny, Howes, and Cooper immediately cried the companies were trying to silence the press.

There is overwhelming evidence that Kenny and Cooper have derived the majority of their livelihoods in recent months through or by the distribution of the chips.

Though Boresight and CSD may indeed deserve to be afforded First Amendment protection, it is utterly ridiculous to suggest such rights extend to the Boresight Satellite Boutique—the rubric for Kenny's mail-order activities—and Rabbit Trading Company—the chip distribution concern partially owned by Cooper.

Were Kenny and Cooper's sole indiscretion the practice of shoddy, irresponsible, and unprofessional reporting, all of us at *Satellite Times* would be standing by their sides in defense of their First Amendment freedoms. The First Amendment must be applied to all reporters equally, regardless of the quality of their efforts.

But Kenny and Cooper's claims that their participation in attempts to steal satellite programming is an offshoot of their role as "reporters" is an insult to the public, TVRO industry, and to all those who make their living solely from reporting the news. ❑

TIMES CALENDAR

March

25-26 Cable TV Acquisitions Seminar
Park Lane Hotel
New York City
Contact: Paul Kagan Associates
(408) 624-1536

25-27 Virginia Cable Television Association Annual Convention
Homestead Hotel
Hot Springs, Va.
Contact: Lorraine Whitmore
(804) 780-1776

28-31 National Association of Broadcasters Annual Convention
Dallas Convention Center
Dallas
Contact: Hank Roeder
(202) 429-5356

29-31 Cable Television Advertising Bureau Annual Convention
Waldorf-Astoria Hotel
New York City
Contact: Vince Fazio
(212) 751-7770

April

2-5 Society of Cable Television Engineers' Cable Tec Expo
Hyatt Orlando
Orlando, Fla.
Contact: Anna Riker
(215) 363-6888

4 Echosphere Dealer Seminar
Holiday Inn
Glen Burnie, Md.
Contact: Julie Peters
(303) 934-4484

5-6 1987 Consumer Electronics Legal Conference
Marriott Hotel
Washington, DC
Contact: Beverley Johnson
(202) 457-8706

9-10 Satellite Communications Status '87
Halloran House
New York City
Contact: Susan Smith
(212) 233-1080

10-11 Northeast Satellite TV Convention
Friar Tuck Inn
Catskill, N.Y.
Contact: Donald Doney
(800) 528-3474

25 Echostar Dealer Seminar
Sheraton Ventura Hotel
Ventura, Calif.
Contact: Julie Peters
(303) 934-4484

May

2 Echostar Dealer Seminar
Sheraton Detroit Airport
Romulus, Mich.
Contact: Julie Peters
(303) 934-4484

3-6 Canadian Cable Television Association Annual Convention
Montreal Convention Center
Montreal
Contact: Christiane Thompson
(613) 232-2631

9 Echostar Dealer Seminar
Sea-Tac Holiday Inn
Seattle, Wash.
Contact: Julie Peters
(303) 934-4484

16 Echostar Dealer Seminar
Holiday Inn
Glen Ellyn, Ill.
Contact: Julie Peters
(303) 934-4484

17-20 National Cable Television Association Annual Convention
Las Vegas Convention Center
Las Vegas
Contact: Dan Dobson
(202) 775-3606

27-30 International Television Association Annual Conference
Washington Hilton
Washington, DC
Contact: Inez W. Wehrli
(214) 869-1112

May 30-June 2 International Summer Consumer Electronics Show
McCormick Place
Chicago
Contact: Linda Jordan
(202) 457-8700

June

22-24 Satellite Symposium '87
Skyline Hotel
Toronto, Canada
Contact: Bennett Schaub
(416) 299-6184

August

16-19 Cable Television Administration and Marketing Society Annual Meeting
Fairmont Hotel
San Francisco
Contact: (202) 371-0800

Aug. 30-Sept. 1 Southern Cable TV Association's Eastern Cable Show
Merchandise Mart
Atlanta, Ga.
Contact: Lorraine Whitmore
(804) 782-9501

September

7-9 SBCA/STTI Show
Opryland Hotel
Nashville, Tenn.
Contact: Rick Schneringer
(800) 654-9276

Those companies or organizations wishing to have events listed in the calendar should send the date, time, location, contact person, and phone number to: **Satellite Times, 551 National Press Building, Washington, DC 20045 or call (202) 662-8820.**

1987 MAJOR SHOWS

March

28-31 National Association of Broadcasters Annual Convention, Dallas Convention Center, Dallas. Contact: (202) 429-5356

29-31 Cable Television Advertising Bureau Annual Conference, Waldorf-Astoria, New York City. Contact: (212) 751-7770

May

17-20 National Cable Television Association Annual Convention, Las Vegas Convention Center. Contact: (202) 775-3606

25-28 Canadian Satellite Users Conference, Ottawa Congress Center. Contact: (613) 746-5920

May-June

30-June 2 International Summer Electronics Show, McCormick Place, Chicago. Contact: (202) 457-8700

September

7-9 SBCA/STTI Show, Opryland Hotel, Nashville, Tenn. Contact: (800) 654-9276

Government Won't Stop Viewing of U.S. Nets

By Bill Barr

OTTAWA—The Canadian government will not place restrictions on individual dish owner's access to scrambled satellite programming originating in the United States, according to a government official here.

Minister of Communications Flora MacDonald, in a letter to a member of Parliament, stated that the Canadian Radio-television and Telecommunications Commission (CRTC) and the Canadian government are not excluding scrambled satellite-delivered services from operating in Canada.

"Neither the federal government, nor the CRTC, places restrictions on the reception of satellite programming to individual Canadian dish owners," MacDonald wrote. "Rather, the signal providers themselves, entirely without any government or regulatory involvement, scramble their own signals."

MacDonald said many U.S. programmers do not own Canadian rights to all their programming, and are therefore unable to authorize reception of the signals in Canada.

"However, the decision not to hold Canadian programming rights is, once again, a private business arrangement, made without government intervention," she added.

But not all Canadian officials agree with MacDonald's statements regarding Canadian TVRO and scrambled signals. A source at the Canadian Cable Television Association (CCTA) told *Satellite Times* he was surprised at MacDonald's position.

I don't understand her statement; "It just isn't true," said the source, who spoke on the condition he not be identified. "ESPN is not allowed on cable in this country because we have our own sports network, TSN [The Sports Network]. Similarly, HBO and other U.S. movie networks are not allowed here because we have First Choice/Superchannel."

The source also speculated that the Disney Channel would not be allowed in Canada "because we are going to have our own kid's network. Does this mean she [MacDonald] is making an exception for the dish owners, at the expense of cable?" said the source.

MacDonald's letter echoes an earlier statement by Larry Durr, CRTC's executive director of broadcasting, stating the Canadian government is prepared to take a hands-off, unregulated approach to the dish industry here and let the marketplace regulate itself using copyright law and/or contractual distribution agreements.

Brian Dinsdale, chairman of the Satellite Communications Association of Canada, said he was pleased MacDonald wrote the letter. "Now that we don't have to worry about government intervention, we will have to work on the U.S. programmers to make them realize there are 200,000 potential subscribers here," he sai

GI Gets Nod to Ship VC IIs North

By Bill Barr

TORONTO—General Instrument Corp. (GI) has asked authorities in the United States to sanction the shipment of VideoCipher decoders to Canada, according to company executives.

An export license to ship the descramblers here is required because the VideoCipher system uses Digital Encryption Standard (DES) algorithms to secure the digital audio portion of the signal. DES use is regulated by national security laws, thereby preventing its export outside the nation.

GI, manufacturer of the VideoCipher, has publicly stated that it requires a letter from a programmer using the VideoCipher—and providing service to TVRO owners here—to openly distribute north of the border.

GI's Doug Lindquist recently received that letter from Turner Broadcasting System Inc., which is selling the Cable News Network and Headline News to dish owners here. With the letter in hand, GI then asked for—and received—the necessary approval to ship the boxes north from the U.S. Department of State.

Industry executives said the traditional close ties between the U.S. and Canada played an important role in getting State to approve GI's request.

A spokesman for GI said, "VideoCiphers will be shipped to Canada as soon as the design gets approval from the Canadian Standards Association [CSA], which is expected to take eight to 10 weeks." CSA is Canada's equivalent to the Underwriters Laboratory (UL).

The VideoCipher's official arrival in Canada will mark an end to the saga of the underground decoder pipeline.

There are approximately 10,000 VideoCipher decoders operating here, transported via the pipeline, and most Canadian distributors and dealers already display them for sale. Distributors here simply piggy-backed their orders with U.S. counterparts.

The delicacy of the issue was illustrated last spring when M/A-Com Inc., former owner of the VideoCipher line, sent a letter to Canadian distributors asking them to return all VideoCiphers, or have the units deauthorized (See *Satellite Times*, May 28, 1986).

According to sources then, M/A-Com was responding to threats from Canadian pay-TV interests—who feared encroachment on their business by U.S. services.

However, the inevitability of not being able to exclude VideoCiphers from entering Canada—or perhaps, more likely, a nod of approval from pay-TV interests here—was a major factor leading to GI's decision to export, industry sources said.

The Canadian TVRO industry greeted the news that VideoCipher distribution was about to rise from beneath the table with overwhelming approval.

Al Bahnman, president of Tee-Comm Electronics Inc., said he was relieved by GI's decision. "This news comes at a great time for the Canadian satellite business, the big meltdown is on, and we are gearing up for a fantastic year."

Satellite Times

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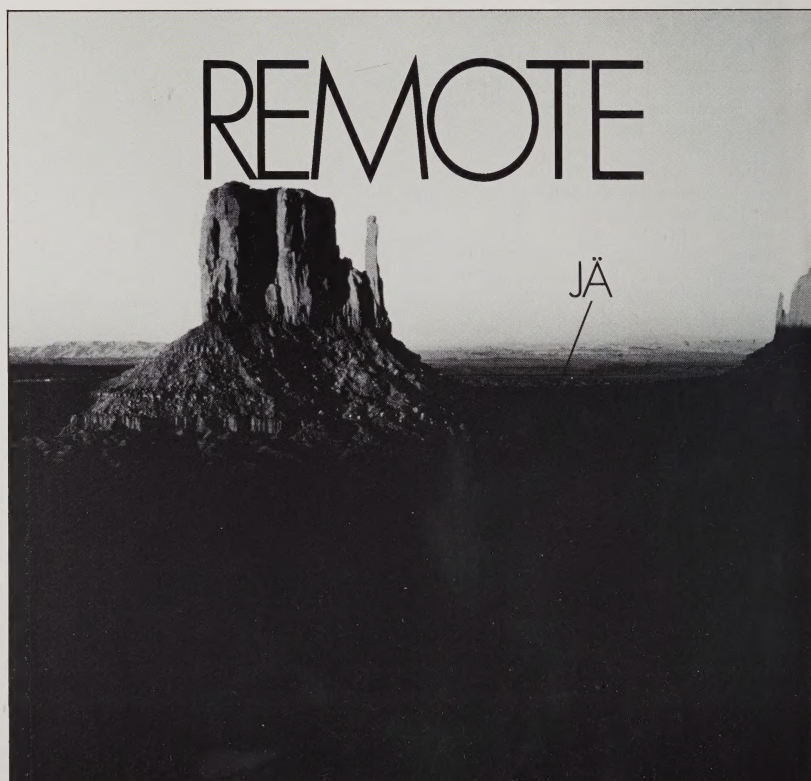

Introduction of Superstation Bill Delayed

WASHINGTON—Rep. Robert Kastenmeier's (D-Wis.) plans to introduce a new piece of legislation which would clarify the ability of TVRO owners to subscribe to uplinked superstations will be delayed to at least mid-May, according to a well-informed Capitol Hill source.

Kastenmeier, the influential chairman of the House subcommittee with jurisdiction over copyright matters, recently said he planned to introduce a measure similar to the one he introduced last year (See *Satellite Times*, March 2, 1987). That bill passed the Judiciary Committee, but never reached the House floor for a vote.

According to the source, though Kastenmeier had planned to introduce the new bill this month or in early April, the subcommittee's time is now being consumed by international trade issues and their relation to the protection of U.S. intellectual property around the world.

Moreover, the source said, the subcommittee still has its normal oversight and budget allocation responsibilities to attend to.

The subcommittee's pressing business has also delayed final drafting of the new measure, the source said.

Kastenmeier is still monitoring the TVRO/superstation situation, the source said, and recently met with ABC and CBS executives to discuss the suits the networks brought against Satellite Broadcast Networks Inc. (SBN). Kastenmeier, who has said his new bill will not deal with uplinking of network stations, also had a meeting scheduled with SBN representatives as well, the source said.

Meanwhile, the cable industry's current position on TVRO/superstation legislation was open to debate in light of recent filings by the National Cable Television Association (NCTA) at the Copyright Office.

Though the filings were part of proceedings covering the copyright status of SMATV and MMDS systems, NCTA's comments appeared to signal a change on the TVRO/superstation question.

In one filing, the NCTA said, the copyright act "is not so broad as to permit an interpretation which would extend the compulsory license to any entity that engages in the retransmission of broadcast television signals."

In the other filing, the NCTA wrote, "We urge the Copyright Office not to interpret [the law] in such a way that extends the compulsory license to facilities that do not use local distribution facilities."

Superstation service to dish owners involves a retransmission of broadcast signals [which cable systems technically do not do] and use of a national distribution facility.

NCTA spokesman Steve Tuttle said parts of the association's filings could be "construed as opposing" superstation service to TVRO, but "other sentences could be construed as supporting" service.

Tuttle, in noting NCTA's support of the legislation Kastenmeier introduced last year, said: "I know of nothing that would lead to a change in that position. But it's one thing to support the concept and it's another to support a specific piece of legislation."

Cancom Switch to VideoCipher Nears

At press time, Canadian Satellite Communications Inc. (Cancom) was very close to reaching an agreement with General Instrument Corp. [GI] to switch from Oak Industries Inc.'s Orion scrambling system to GI's VideoCipher technology, according to industry sources.

One well-informed source said the signing of the GI-Cancom deal was "imminent."

Senior Cancom executives could not be reached for comment.

If GI and Cancom do ink a pact, it will end months of speculation over Cancom's use of the Oak system. In recent months, serious doubts about the security of the Oak system had been raised, and widespread distribution of tampered Oak decoders which descramble most all Orion encrypted signals continues.

The difficulties Cancom is having with the Oak system were once again demonstrated on March 16, when Cancom tried to implement a higher security level on the service. Widespread field reports indicate Cancom did switch off many illegal decoders but also deauthorized scores of legitimate cable systems and TVRO subscribers.

Cancom seriously considered switching to VideoCipher last fall, but decided against doing so because of the cost involved (See *Satellite Times*, Sept. 17, 1986).

At the recent SBCA/STTI Show in Las Vegas, GI and Cancom executives met, with sources saying GI offered Cancom VideoCipher uplinking equipment at a very low cost (See *Satellite Times*, March 16, 1987).

Besides cost and security factors, Cancom's new interest in changing to VideoCipher may lie in a reciprocal TVRO marketing agreement it is discussing with Turner Broadcasting System Inc. (TBS), sources said.

TBS and Cancom executives met at the show, the sources said, to discuss TBS selling Cable News Network, Headline News, and possibly WTBS to Canadian dish owners through Cancom.

In return, an industry source said, TBS may receive the rights to market Cancom's signals to U.S. dish owners. Both deals would be non-exclusive, the source said.

Cancom recently signed a contract with United Video Inc.—uplinker of WGN, KTVT, and WPIX—which allows United to market Cancom's four uplinked Detroit broadcast stations to U.S. cable systems.

At the time, United Video said it would sell the signals to U.S. TVRO owners because Cancom used the Oak scrambling system. Whether United's plans would change if Cancom switched to VideoCipher could not be ascertained at press time.

It is also unclear what other Cancom programming could be sold to U.S. subscribers. For example, The Sports Network (TSN) carries many of the same events and programs ESPN does. Thus, it might be as difficult to import Canadian programming into the U.S. as it is to export American programming north.

Another question raised by Cancom's expected switch to VideoCipher revolves around the distribution of computer chips used to steal scrambled programming. When "official" importation of VideoCiphers in Canada—as well as Cancom and TBS selling direct to TVRO owners—begins, it will presumably become a clear violation of communications and copyright law to use the chips.

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Cable Op, HBO Debate Over TVRO Subs

The war of words continues between Home Box Office Inc. and an Ouray, Colorado, cable operator who has been selling HBO to TVRO owners outside his franchise.

HBO stopped taking TVRO authorizations from the operator, who does business as Satieovision, because the service had not given the firm rights to sell to dish owners beyond its franchise (See *Satellite Times*, March 2, 1987).

Subscription rate cards distributed by Ouray's Ken Schuman include HBO, Cinemax, Showtime/The Movie Channel, the Disney Channel, Cable News Network, Headline News, WTBS, United Video, Netlink USA, EPSN, CBN Cable, and Satellite Broadcast Networks.

For the first pay channel, Ouray charged dish owners $9 per month, or $108 a year. For each additional pay service or basic package, the charge was $6 per month, $72 per year.

Schuman acknowledged he was having difficulty obtaining distribution rights from the programmers, and that several of the services listed were not scrambled yet.

He has threatened to sue HBO over the matter, but said he hoped "to work some agreement out" with the company and the other programmers—including Showtime—who are not taking his orders.

As for HBO, Schuman claimed "they knew about" his taking orders for TVRO owners outside the franchise. "I contend they didn't care because I was selling programming for them and paying them regularly," he said.

Schuman declined to say how many TVRO owners he has signed up or whether he has knowingly authorized dish owners outside the country. However, industry sources said Schuman has many customers in the Caribbean.

Schuman would only say HBO must have known about his actions because he had authorized more than 2,100 dish owners through his system by last Christmas when his cable system serves only about 120 subscribers.

But Bob Caird, HBO vice president, direct broadcast, strongly denied the company has knowingly allowed Schuman to sell beyond his franchise.

"If we had known from day one that was happening, we would have taken action on day one," he said. HBO has "given [Schuman] every opportunity to change and he has ignored it," Caird added.

HBO will not deauthorize TVRO owners who subscribed through Ouray, Caird said, and will attempt to convert them to direct subscribers if they can be identified.

In the meantime, Caird said, "The resolution to this matter is [Schuman] abides by our stated policies or we don't do business with him." ❑

Question Raised About NSOA Package

Questions have begun to be raised about the activities of the Nationwide Satellite Owner's Association Inc. (NSOA), a Solvang, Calif.-based firm.

The NSOA, in recent ads placed in TVRO programming guides, said an $18 per year membership fee entitles dish owners to programming discounts of "up to 50 percent," VideoCipher decoders for $335, and discounts on equipment and publications.

The ad lists HBO, the Disney Channel, Showtime/The Movie Channel, CNN, WOR, and WGN as services the company could offer. The NSOA membership kit lists six different package options which include other services, including ESPN, CBN, USA Network, and Arts and Entertainment.

Though the ad and membership kits state the services named will be available subject to "contracts acquired," NSOA President Ray Scott said the for-profit firm was "very close" to signing contracts with several programmers—including Colorado uplinker Netlink USA—and had a "letter of commitment" from United Video Inc., WGN's uplinker.

But at the recent SBCA/STTI Show in Las Vegas, Jack Riley, United Video's director of markets development, said he had only received a proposal from NSOA, and the signing of a distribution agreement was not eminent.

In addition, all but one of the other programmers listed in NSOA's ad said they had not met with the group and were unable to recall receiving communication from it. One of the companies listed could not be reached for comment.

Scott said he could not understand the programmers' comments since "all of them have received requests from us." At the recent show, Scott said, he "left cards with" most of the major programmers.

The programmers also dismissed Scott's claim the NSOA could sell to dish owners anywhere through "private franchises." Scott argued cable franchises and similar government regulations apply only when public passageways are involved. That is why, he said, government regulations do not apply to SMATV franchises.

Scott did acknowledge the NSOA was not selling decoders at $335, saying the firm was now charging $390 for the new VideoCipher model.

Asked what the $18 membership fee entitles dish owners to, Scott said the company was also offering discounts on electronic items to its members.

Indeed, the NSOA membership kit contained several pages of photocopied ads for telephones, televisions, cassette recorders, and stereo equipment.

Scott said there was nothing wrong with offering members discounts on electronic items. ❑

Program Sweepstakes

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Dealer Program offers you the chance of a lifetime. With every subscription to OnSat you sell, you earn a chance to win Sweepstakes. Plus—you still receive your $20 rebate for every subscription. Act now!

Playboy

The Playboy Channel has named three staffers to new positions. **Theda Giles** has been named director of pay-per-view sales for the programming distribution company, **Vanita Cillo**, manager of ancillary marketing, and **Mary Beth Callahan**, publicist for Playboy Video Corp.

In her new position, Giles will be responsible for sales and distribution of "Playboy's Private Ticket," a pay-per-view service, and other ancillary programming markets.

Giles joins Playboy from Harris-Lanier, where she was responsible for sales and marketing for voice product equipment.

Cillo will be responsible for marketing, sales, and promotion of Playboy programming in the private cable and hotel/motel areas, strategic planning, and exploration of new business opportunities.

Prior to joining Playboy, Cillo served as publicist for Henri Bollinger Public Relations.

In her new position, Callahan will be in charge of publicity and public relations for all Playboy video activities, including The Playboy Channel, Playboy Home Video, the division's pay-per-view and hotel/motel operations, and ancillary markets.

Callahan joined Playboy in 1985 and had served as a junior publicist and assistant to the director of communications.

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MTV

MTV Networks has named **Linda Corradina** news director, music news, and **Rene Garcia** supervising producer, special programming.

In her new position, Corradina will head the news department, supervising the gathering, writing, and preproduction of all music news on the channel. She previously served as the network's managing producer for music news.

Garcia will be responsible for the day-to-day administrative work of the MTV special programming department. In addition, Garcia will oversee all regularly scheduled programs, guest VJ segments, specials, and concerts. Garcia joined MTV in 1981 as a concert producer and has also been the senior producer, special programming.

Disney

Paulo de Oliveira has joined The Disney Channel as vice president, program development.

In his new position, de Oliveira will be responsible for supervising development and production of the channel's original programming.

Prior to joining Disney, de Oliveira worked at Home Box Office Inc. where he was director, original programming, west coast.

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Wall Street Potpourri: Pico, HSN, and Satellite Music Net

By Blaine Roberts

Pico Products Inc. is practically the last surviving satellite television stock. Good things come to those who survive, and good news for Pico shareholders is rolling in.

First came the announcement of a profitable second quarter (November through January) and rising sales. Second quarter results showed a three cents per share profit on $7.6 million in revenue.

This compares with a loss of nine cents per share in the second quarter of last year and $6.88 million in revenue. Three cents isn't a lot, but it amounts to the first profitable quarter Pico has shown in two and a half years.

The stock celebrated by almost tripling its price to the $5.50 level and showing up as one of the top 10 gainers on the American Stock Exchange for several days.

One reason that Pico may be the last strong satellite stock is its cable TV-related product line. In recent weeks, company executives have been stressing the firm's involvement with cable in an attempt to enhance both sales and image.

Meanwhile, the image of Home Shopping Network Inc. (HSN)—a Wall Street sweetheart—has been tarnished in recent days largely because the fur has hit the fan.

HSN's price has fallen 15 points since it was last featured here in an article stating the stock was overpriced. Fueling the slide was a relatively poor earnings report for the second quarter (10 cents per share). HSN attributed the drop in earnings to returns of a load of "faulty furs" (no digital clocks perhaps?) sent to customers.

HSN's image was also hurt when it announced it had filed at the Securities Exchange Commission (SEC) for an offering of up to $460 million in convertible subordinated debentures. Convertible debentures are bonds that can be converted to a fixed number of shares of common stock at the option of the holder. Ultimately, this means more shares outstanding and more dilution of earnings.

Finally, from the one to keep an eye on column. Satellite Music Network (SMN) is a radio network consisting of about 579 affiliated radio stations nationwide.

Satellite Music Network Inc. is the operator of the network. Programming is transmitted from the company's broadcast studios via satellite to dish antennas installed at affiliated stations.

Five program formats are offered: country, adult contemporary, nostalgia, top 40, rock, and soul music. If you want a taste of the music, you can listen directly to the current satellite feed for each by calling a phone number for each format.

Right now, I'm listening to Star Station (adult contemporary) and being billed for a long distance call to Texas. Expensive, but cute.

As you might guess, the network doesn't rely on phone charges to make money. Affiliates compensate the company by providing commercial airtime to the company and/or monthly fees.

In addition to the 24 hour music formats, the company offers newscasts and other "live" material which can be used by the affiliate. Approximately eight to 13 minutes per hour is free to affiliates for station identification, commercial breaks, local newscasts, etc.

Currently, SMN's stock sells in the $6.75 per share range, with an annual low of $3.75 and a high of $14. Earnings are small, (eight cents per share for the nine months ending last September) but show good growth.❑

***Blaine Roberts** is a financial analyst with the investment firm of Morgan, Olmstead, Kennedy, and Gardner of La Jolla, California. The opinions in this column are not necessarily those of Satellite Times or Triple D Publishing.*

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Symbol	Company	High	Low	Close	Chg.
ANX	Anixter Bros. Inc.	13¾	13¾	13¾	—
AVT	Avnet	32⅞	32¼	32¼	– 1½
CCB	Capital Cities (ABC)	331½	330	331½	– 1¾
CBS	CBS Inc.	154¼	152	152	2
CNT	Centel Corp.	68	64⅜	64⅜	– 3⅝
KO	Coca Cola	46⅞	45⅝	46	– 1⅛
CQ	Comm. Satellite	34⅝	34	34¼	+ ¼
CCN	Chris-Craft Ind.	25⅞	24¾	24¾	– ⅞
CTC	Continental Telecom	33⅜	33	33¼	– ⅛
DEC	Digital Equipment Corp.	161	160¼	161	+ ¼
DIS	Walt Disney Productions	59⅛	58	58⅝	– 1⅛
DJ	Dow Jones & Co. Inc.	53⅜	51¾	52⅛	– 1¼
DNB	Dun & Bradstreet Co.	124	123	123⅝	+ ½
EK	Eastman Kodak Co.	76⅛	74⅝	75¾	+ ⅝
GCI	Gannett Co. Inc.	45½	44¾	45⅜	+ ½
GE	General Electric	105⅛	104	104⅜	– ¾
GRL	Gen. Instrument Corp.	25¾	25⅛	26⅛	– ½
GTE	GTE Corp.	41⅜	41⅛	41⅜	+ ¼
GW	Gulf & Western Ind.	80¼	79½	79¾	– ¾
HRS	Harris Corp.	36⅜	35⅜	35⅝	– ⅝
HCI	Heritage Comm.	33⅛	33	33	– ¼
KRI	Knight Ridder Inc.	55⅛	53⅜	53⅞	– 1⅛
MAI	M/A-Com Inc.	13⅞	13¾	13¾	– ⅝
MCA	MCA Inc.	49⅛	48¼	48¾	– ⅛
MOT	Motorola Inc.	49⅞	48⅝	49¾	+ ¼
NPH	N. Amer. Phillips Corp.	40⅝	39½	39½	– 1¼
OAK	Oak Industries	1⅜	1	1⅜	+ ¼
PIO	Pioneer Electronic Corp.	30¼	30¼	30¼	+ ½
PLA	Playboy Enterprises	14	13⅜	13⅜	+ ⅜
ROL	Rollins Communications	18⅞	18¾	18⅞	+ ¼
SFA	Scientific-Atlanta	16¾	16⅛	16¼	– ¼
SNE	Sony Corp.	21½	21⅜	21⅜	– ⅜
TFB	Taft Broadcasting	153½	152	152¾	– ¾
TAN	Tandy Corp.	49¼	48⅞	49⅛	– ⅛
TEK	Tektronix Inc.	38¾	38¼	38½	– ½
TL	Time Inc.	88½	87½	88⅛	– ½
TMC	Times Mirror Co.	83½	82⅛	82½	– 1
TRB	Tribune Co.	76	74¼	75½	– 1⅜
UCT	United Cable TV	33⅜	32¾	33	– ⅝
VIA	Viacom Intl.	51⅝	51½	51½	+ ¼
WCI	Warner Communications	31⅛	30½	31	– ¾
WU	Western Union	3⅞	3⅝	3¾	—
WX	Westinghouse Electric	64¾	63⅜	63⅝	– 1⅜
ZE	Zenith	24¾	24⅛	24¾	– ⅛

American Exchange

Symbol	Company	High	Low	Close	Chg.
AAR	Adams-Russell Inc.	23	22¾	22⅞	– ⅛
ACN	Amer. Cablesys. Inc.	18⅝	18⅜	18⅝	+ ⅛
CVC	Cablevision Sys. Inc.	25¼	25¼	25¼	¼
CEC	Cetec Corp.	5⅝	5½	5½	– ½
HSN	Home Shopping Netwrk	24⅞	23½	24	– 6⅜
LT	Lorimar-Telepictures	20	19⅝	19¾	– ½
MEGA	Media General Inc.	62	48¾	62	N/A
NYTA	New York Times Co.	44⅞	44½	45	– ½
PPI	Pico Products Inc.	6⅝	4⅞	5⅛	1¼
RMS	RMS Electronics	2¾	2⅝	2⅝	⅛
TBS	Turner Broadcasting Sys.	21⅞	21	21⅞	– ⅛
TDS	Telephone & Data Sys.	24⅛	23½	23½	⅛
UNV	United Video	9½	9⅛	9½	– ⅛
WPOB	Washington Post	191	190	192	1

NASDAQ

Symbol	Company	High	Low	Close	Chg.
AMTV	AM Cable TV Ind.	N/A	N/A	N/A	N/A
ATCMA	Amer. TV & Comm.	22¼	21⅝	21¾	⅛
AVAK	Avantek	17⅜	17⅛	17⅛	⅛
BFTV	Birdfinder	5	½	N/A	N/A
BTSSU	Brooks Sat. Uts.	5	⅛	N/A	N/A
BVSC	Birdview Satellite	2⅛	⅛	N/A	N/A
CAMP	Calif. Amplifier	2¼	2	2⅛	⅛
CATV	Cable TV Ind.	2¾	2¼	2¾	⅛
CCBL	C-Cor Electronics	10	9⅞	10	⅛
CGRD	Cableguard	2	⅝	1	—
CNMW	Cincinnati Microwave Inc.	8⅛	7⅝	8⅛	⅛
CMCO	C.O.M.B. Co.	19⅝	18¼	19⅝	⅛
CMCSA	Comcast Corp.	22¾	22⅝	22⅝	⅛
CSII	Commun. Sys.	8¾	8⅜	8¾	⅛
CVGI	Congress Video	1¼	1⅛	1¼	—
CVSI	Compact Video	8⅜	3⅝	4⅛	⅛
DYNA	Dynascan	15¼	14⅞	15	⅛
EQUA	Equatorial Comm.	3¾	3⅝	3¾	⅛
FNNI	Financial News Net	13⅞	13	13⅛	⅛
HYTK	Hytek International Corp.	N/A	N/A	N/A	N/A
JOIN	Jones Intercable	15½	15⅛	15⅜	⅛
JTWO	J-2 Corporation	5	2½	4	—
JSCC	Scott Cable	23	22¼	22½	N/A
KING	King World Prdctns	15¾	15¼	N/A	N/A
KREN	King's Road Entmmt	3	2¾	3	⅛
MALR	Malrite Comm.	12¼	11¼	11¾	⅛
MCDY	Microdyne Corp.	4⅜	4⅛	4⅛	⅛
MFCO	Microwave Filter	2⅛	1¾	2⅛	⅛
NINV	Norsat Int'l	⅜	1¼	N/A	N/A
ORPCW	Orion Pic. Wts.	4⅛	1⅛	3¼	—
QVCN	QVC Network	16¼	15½	16¼	⅛
RCOT	Recoton Corp.	9	8¼	9	⅛
RCCAA	Rogers Cablesys. A	13⅞	13⅛	13⅞	⅛
RGCY	Regency Elec.	7	6¾	6¾	⅛
SCRP	Scripps Howard Bdcst	83½	83⅛	83⅛	⅛
SLNK	Satellink	⅝	⅝	⅝	⅛
SMNI	Satellite Music	6⅞	6⅝	6½	⅛
SPDY	Spectradyne	23½	23¼	23¼	⅛
TCAT	TCA Cable TV	22½	22	22¼	⅛
TCOMA	Tele-Communctns	31⅛	31⅛	31⅛	⅛
TLCR	Telecrafter	6	5¾	5¾	⅛
TLMTB	Telemation	N/A	N/A	N/A	N/A
UACIA	United Artist Comm	23	22½	22⅝	⅛
USECW	Univ. Sec Instr. Wts	3	⅛	1	⅛
USEC	Univ. Sec Inst.	4⅛	4⅛	4½	⅛
USECU	Univ. Sec. Instr. Uts	19¼	7½	10⅛	⅛
WVTK	Wavetek	8⅜	8¼	8¼	⅛
WWTV	Western-World TV	3¾	⅛	1⅛	—

Echosphere Introduces New IRDs

Echosphere Corp. recently introduced two new models of integrated satellite receiver/decoders (IRDs).

The SRD-7000 features UHF remote control, on-screen graphics, stereo audio, parental lockout, and is C/Ku-band compatible.

The SRD-4000 is the company's lowest cost IRD and features on-screen graphics, stereo audio, programmable memory, infrared remote control, and is C/Ku-band compatible.

Echosphere recently said it would offer the SRD-4000 as part of a complete satellite system which will sell for under $1000 (See *Satellite Times*, March 16, 1987).

The system will include an antenna positioner, 75 degree LNB, and the necessary hardware components, the company said.

Echosphere, in conjunction with Houston Tracker Systems, is offering buyers of its IRDs a free one year subscription to the TVRO programming package of Turner Broadcasting System Inc. (See *Satellite Times*, March 2, 1987).

When the editors of TV Guide needed up-to-date and authoritative information on the home satellite television industry, they turned to

Satellite Times

TV Guide
January 24, 1987

VITAL STATISTICS

Satellite dish sales broke no records last year: only 257,410 dish antennas were sold in 1986, as compared with 600,000 In 1985, reports Satellite Times.

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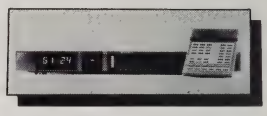
Luxor Premieres New Receiver and Antenna



Luxor North America Corp. has introduced a new "high-end" satellite receiver, the Luxor XL.

The company said the new receiver is VideoCipher compatible, C/Ku-band switchable, and features a remote control, advanced automatic fine tuning, stereo audio, and a built-in terrestrial interference (TI) filter. Luxor said the unit's auto tuning allows for reception of Ku-band channels without fine tuning.

Luxor's new 10.5-foot satellite antenna is a "deep dish" parabolic mesh receptor capable of receiving both C-band and Ku-band signals.

The company said the unit is UPS shippable and can be constructed in "less than two hours." The antenna comes with a new polar mount, which can survive wind of up to 125 miles per hour (with optional wind kit), and carries a one year warranty.

Luxor recently announced a new program to distribute its equipment directly through satellite dealers. Headquartered in Bellevue, Wash., Luxor is a subsidiary of the Nokia group, the giant Finnish manufacturing firm.

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☐ Distributor ☐ Other (please specify)

_____

Cable Affiliation

☐ Independent Cable TV System

☐ MSO (Two or more cable TV systems)

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5. What type of business do you operate?

Satellite Affiliation

☐ Dealer ☐ Manufacturer

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Cable Affiliation

☐ Independent Cable TV System

☐ MSO (Two or more cable TV systems)

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GI

Continued from page 1

In addition, sources said, if GI categorizes a VideoCipher as a "pirate box," the programmers cannot reauthorize it and the unit must be sent back to GI.

Electronic Warrior

Ron Katznelson, GI's director, new technology development, said the company has "heard these complaints" from VideoCipher owners. He said there is a "smaller percentage [of legitimate subscribers] that may have been accidently affected" in the recent electronic sweep than have lost service because their VideoCipher has failed. The failure rate for the units, he said, is "much less than a percent."

Katznelson, who served as an electronic countermeasure officer for the Israeli army, strongly disputed that GI is simply turning off a number of VideoCiphers every three days. "We are not doing anything at random," he said.

He said GI's countermeasures focus on how a tampered VideoCipher operates. The "great majority" of tampered decoders involved replacement or alteration of the U30 chip circuitry, he said. "Units that have been modified typically have not operated in the ways others operate," said Katznelson.

Katznelson would not comment on whether the company can shut down VideoCiphers which share cloned authorization chips. In the past, GI has said it has shut down true clones using intelligence gathered through its Phoenix piracy suits and other investigations, but has only suggested it could deauthorize clones without the prior address information.

GI has yet to confirm field reports that a "Super Three Musketeers" or "Hard-Start" chip now exists which does not require the purchase of any subscriptions to circumvent the VideoCipher system.

Reports from the field claim this new chip crunches its own authorization number from all those being fed in the data stream. At press time, however, the existence of the chip had not been verified.

Katznelson said GI was "fairly confident" its electronic countermeasures were working. "I think we're in a process of dealing with the existing problem," he said. "We have corrected the problem we found that led to the breach in the authorization procedure."

Katznelson declined to identify whether GI's solution was hardware or software in nature, except to say it was "being taken care of with product chips."

As reported, GI's new 2100E VideoCipher uses a different design to protect the authorization chips from being tampered with (See *Satellite Times*, Jan. 14, 1987). But Katznelson declined comment on whether the 2100E, as some believe, also uses slightly different—albeit compatible—telemetry commands than the old model 2000E.

GI's amnesty program, which allowed VideoCipher owners to return tampered units, no questions asked, ended March 15. Spokeswoman Cheri Hart said the company received approximately 900 calls and had received "over 200" units back as of March 16. GI expects that number to rise, she said, because the company would accept units postmarked by the 16th for the program.

Some consumers have sent their units back under GI's warranty program she said, and the company expected others to try to do the same after the amnesty period. If tampered units are received after the amnesty program ends, she said, it is "unlikely" GI will take any legal action against the consumer, but will charge $295 for the repair.

In other GI news, Hart said the company has signed a licensing agreement to provide the descrambler module for an integrated receiver/decoder (IRD) with Panasonic Industrial Company. GI was also negotiating a similar deal with Zenith Electronics Corp., she said. ❑

PBS

Continued from page 1

best available technology for the purpose of delivering digital audio via satellite."

A duplicate unscrambled feed of any programming which is encoded to TVRO owners because of the use of VideoCipher stereo will be maintained, PBS said.

The network also said it would continue to "investigate ways to serve individuals in remote areas."

The national programming service is similar to the programming feeds of the commercial networks, in that it broadcasts most of the programs intended to be viewed by the public, according to PBS spokeswoman Mary Jane McKinven.

How soon PBS will scramble those feeds and internal communication not intended for reception by the public has yet to be determined, she added, because the network was still formulating the operational plans of its new satellite policy.

In explaining the possibility of scrambling some feeds, PBS said it has been attempting to develop alternate revenue sources in recent years through the use of "auxiliary self-supporting services compatible with its educational mission."

PBS said its action "means such user-financed and proprietary services will continue to be treated as private communications to their authorized users, not intended for general public reception." Among PBS' nonbroadcast projects are videoconferences and data transmission.

In a prepared statement, PBS President Bruce Christensen said the network authorized its management to take the necessary steps to secure internal satellite feeds because "any corporation, whether for profit or nonprofit, must retain the ability to conduct some business in private as needs dictate."

Most TVRO industry interests greeted PBS' announcement with praise. "It's very welcome news that all American consumers are going to be treated equally," said Chuck Hewitt, president of the Satellite Broadcasting and Communications Association (SBCA).

Hewitt added the SBCA would not object to PBS scrambling its internal or special service feeds in the future.

On Capitol Hill, Roy Neel, legislative director for Sen. Albert Gore (D-Tenn.), said, "We're very pleased to learn [PBS] is going to keep the basic feed clean, and we'll continue to monitor the situation."

Gore has written PBS several times asking for a clarification of its scrambling policy and requesting the network make its programming available to TVRO owners.

In a related development, PBS has withdrawn its request that satellite programming guides cease publication of specific program schedules.

In recent weeks, several guides—including *OnSat*, which is published by Triple D Publishing Inc., parent company of *Satellite Times*—received letters from PBS saying they were "not authorized" to publish programming information on PBS' satellite feeds.

With the announcement of PBS' new satellite policy, McKinven said, "For all practical purposes, those letters [to the guides] are inoperative." PBS, she added, "knows [it's] going to have to provide satellite publications some of this information." ❑

ESPN

Continued from page 1

In a prepared statement, ESPN President Bill Grimes said, "This is the most significant sports agreement in cable television history." Grimes added that the contract "underscores ESPN's position in the industry."

In obtaining the rights, ESPN beat out several other cable concerns, including

Continued on next page

KSAT Plans VC Demo in D.C.

KSAT radio plans to demonstrate whether General Instrument Corp. (GI) can turn off a tampered VideoCipher decoder on March 30 in Washington, D.C., according to Chuck Dawson.

Dawson said his group plans to set up a TVRO with a tampered VideoCipher, and invite GI to deactivate the unit.

GI spokeswowan Cheri Hart said it was "very doubtful" the company would participate in the demonstration.

KSAT had planned to stage a similar demonstration earlier this month at the SBCA/STTI Show in Las Vegas, but that event was cancelled when GI filed a piracy suit against four individuals (See *Satellite Times*, March 16, 1987).

Dawson said the Washington event was intended to prove whether GI could or could not turn off the chips.

KSAT has enlisted the support of several lawmakers in its efforts, he added, led by Rep. Louise Slaughter (D-N.Y.). An aide to Slaughter did confirm KSAT had been in touch with the Congresswoman, but downplayed the role she wanted to play in the event.

Dawson said he expects approximately 1,000 people to attend the event, and KSAT has invited the Federal Communications Commission (FCC) to participate. Jerry Freeman, the Virginia-based FCC field representative who is heading the agency's monitoring of hacker activities, said he was aware of the KSAT event but "will not be there."

Barbara Dixon, a spokeswoman for the Motion Picture Association of America (MPAA) did confirm MPAA Vice President Allen Cooper would attend the demonstration.

Some Capitol Hill supporters of the TVRO industry said they were concerned about the impact such a demonstration would have in Washington. "It doesn't help us one bit up here to have people up here showing people how dish owners steal programming," said an aide to one of the dish industry's principal backers. "It plays right into [National Cable Television Association President James] Mooney's hands." ❑

New Bill

Continued from page 1

forced to transmit in the clear while the FCC is determining standards.

The bill, as outlined, would also prohibit the Public Broadcasting Service from scrambling its programming feeds, but would allow the network to encrypt its backhauls and private feeds (for more on PBS' scrambling plans, see separate story, page 1).

The Armed Forces Radio and Television Service (AFRTS) would be prevented from scrambling its signals unless doing so is required by copyright or trade agreements.

In addition, the bill would not prevent the television networks from scrambling, but require the FCC to initiate a rulemaking proceeding to assist rural Americans in obtaining the networks.

The bill would also require that the Federal Trade Commission (FTC) investigate the development of the TVRO programming market, something Gore requested in a recent letter to the FTC (See *Satellite Times*, March 2, 1987).

The FTC has repeatedly not responded to requests for its reaction to the Gore letter, though observers here said it is highly unlikely the agency would institute an investigation because of its agreement not to duplicate efforts with the Department of Justice—which is currently investigating the cable industry's scrambling and distribution practices.

Sources here said the real purpose of Gore's letter may have been to shift dish issues to Gore's own subcommittee, which could argue it has some jurisdiction over FTC matters.

Finally, the bill would set new penalties for interference with satellite communications, as well as require the FCC to investigate interference incidents.

At press time, aides to the senators stressed the final language of the measure was still being worked out and subject to change. ❑

ESPN

Continued from previous page

Home Box Office Inc., Turner Broadcasting System Inc. (TBS), and a group of MSOs.

Gotti acknowledged that ESPN "will be raising its rates" because of the deal, "but the amount hasn't been determined." She confirmed the average per month subscriber rate for ESPN is approximately 21 cents. There has been some speculation that ESPN may have to raise that rate by as much as 50 percent to profit from the NFL.

It is also expected that the move will affect ESPN's price in any TVRO package. The possibility of gaining a piece of the NFL pie was said to be one of the reasons ESPN decided not to commit to TBS' package (See *Satellite Times*, March 16, 1987).

Reaction to ESPN's announcement within the cable industry was generally mixed. "I think the whole thing is a waste of money," said Steve Effros, President of the Community Antenna Television Association. "But clearly the programmers in the industry say I'm wrong."

Effros added: "There's no question they're [ESPN] going to have to raise rates, and there's no question they're going to be in trouble because some operators aren't going to pay them [higher rates]." Many mid-size and smaller cable operators will especially balk at higher rates, he said, though many big MSOs probably told ESPN they're willing to pay more for the games before the service signed the deal.

TBS Vice President Rex Lardner said he thinks "it's worth it" for ESPN. "The cable ratings will be dynamite," he said. Asked about TBS' bid for the games, Lardner said, "We are somewhat disappointed. We thought we had a shot at it."

Lardner echoed the view of several other cable executives when he said, "This will be healthy for the cable industry. The precedent has been set" for cable to get NFL games. ❑

Antenna

Continued from page 1

ments and records on their marketing of the phased array antenna, and wants the firm to prove its reception system for satellite systems actually works, sources said.

Future Communications may be preparing to launch a new marketing drive using one of its various other names, the sources said. Several added the firm was also preparing to market diamonds through its phone solicitation operation.

In addition, the company is said to be readying a move from its current location in Colorado Springs, though such information could not be confirmed at press time. It is also possible some of the company's principals have left the country.

Dave Zook, chief deputy district attorney, Colorado Springs, told *Satellite Times* his office's investigation of the company was continuing but that "we're still evaluating" the evidence gathered to date.

Zook confirmed the office wanted to talk to several individuals associated with the company and was having difficulty locating them. However, he declined to confirm whether actual subpoenas had been issued for the individuals.

To date, Zook said, "We have received inquiries/complaints from excess of 50 persons [on the company], all out of Colorado. The amount of claims of these persons totals approximately $250,000."

Zook said he believed those $250,000 in claims represent "a minority percentage" of the money that could have been collected by Future Communications. Other sources familiar with the case, as well as those who have filed complaints with the company, said the amount the firm has taken in may be in the millions of dollars.

In addition to various government investigations, several civil suits have been filed against the company. One such suit lists 17 different names for the company—including, several sources said, the name the firm is now using: Planar Systems.

Tsiger Planar Inc., a Canadian firm with offices in Colorado, showed a fresnel effect flat satellite antenna at the recent SBCA/STTI Show in Las Vegas (See *Satellite Times*, March 16, 1987). There is presently no evidence linking that firm to Future Communications.

The suit lists three defendants by name: C. Ray Page, Calvin C. Chaussee, and Raymond Chaussee.

Responding to a telephone inquiry, Page said the company was "testing" its phased array antenna and would ship it within several weeks.

Asked about the adverse publicity surrounding his firm, he said, "They're going to be sorry." He would not elaborate.

Page said he was speaking from Colorado Springs and "haven't moved [offices] in seven years." He said he and other company executives have been in contact with the district attorney's office and were not trying to avoid any government agency.

Any delays in shipping product, he said, were due to the normal process of rolling out a new product. "The electronics industry is notorious for delays," he said. ❑

FCC PROBLEMS?

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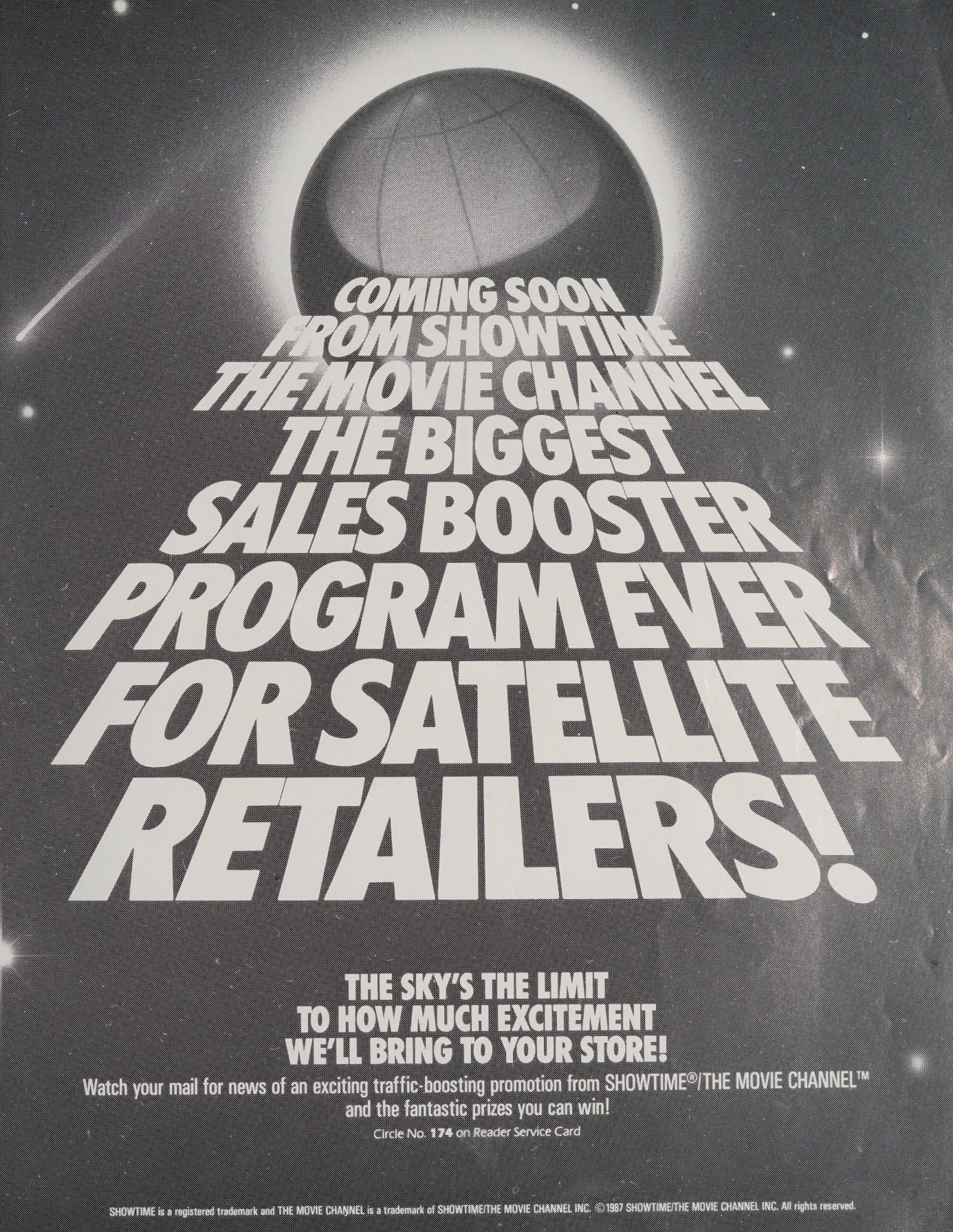
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